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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
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MEMORANDUM FOR: Deputy Director (Intelligence)
SUBJECT: Specific Comments on SNIE 11-4-55

Provided that the basic estimate of SNIE 11-4-55 is correct, most of its subsequent discussion of Chinese Communist policy appears to be sound. The paper appears to understate, however, the possibility of major hostilities not originally intended by either the Communist powers or the United States.

The paper's basic estimate is set forth in Paragraph 2 in the assertions that "the Communists...will try to avoid courses of action which in their judgment would clearly involve substantial risks of general war," and that "both Peiping and Moscow regard the risks of an unlimited war as tantamount to the risks of general war."

It would appear preferable to restrict the above basic estimate to the Soviet Union rather than to both partners, as the evidence is not persuasive that Peiping is unwilling to risk large-scale hostilities. That is, it is possible that Peiping would be willing to risk a war if assured of Soviet support. Should such support be withheld, and the USSR act to deter Peiping from undertaking a course of action leading to invocation of the Sino-Soviet treaty, then the basic estimate would probably apply to Communist China as well as to the USSR. These comments on SNIE 11-4-55 proceed from the assumption that the USSR is not willing either to risk a war itself or to encourage its partner to risk one.

Paragraph 3 estimates that "the Communists would not be deterred by the risk of general war from taking counteraction against a Western action which they considered an imminent threat to their security," and then estimates that Peiping views the American-Nationalist relationship as a long-range rather than immediate threat to its security. This is probably true, and current Communist operations in the coastal area appear designed to eliminate this long-range threat by limited military operations against the offshore islands which might lead to a negotiated settlement on the basis of a U.S. withdrawal from the China area. The possibility will remain that western counteraction will impel the Communists to recast this venture in much more serious terms.

The paper is believed to be correct in estimating that the principal danger in the current situation is that of a Chinese Communist miscalculation of what the U.S. considers "vital."

Formosa itself does not appear to represent an area in which there is a critical danger of a Communist miscalculation. That is, Peiping is in no doubt as to the American intention to defend Formosa, and it is believed that Peiping is under no illusions as to its capabilities for a successful amphibious operation against the island. The one immediate danger as regards Formosa appears to be that of a Chinese Communist air attack on Formosa designed to underline Communist "liberation" propaganda and to test Nationalist morale. The Communists might calculate that they could stage such an air attack with impunity, whereas the United States might in fact retaliate on a large scale.

The major Nationalist-held offshore island groups appear to be in another category, one which presents a much greater immediate danger of a Communist miscalculation. The Tachens already present an extremely delicate situation.

There is evidence that the Chinese Communists have been postponing further operations in the Tachens area pending clarification of reports that the Nationalists plan to evacuate these islands with American assistance. Should the Nationalists delay in withdrawing from these islands, there appears a probability of Communist attacks on them in the near future, with the related possibility of American military action against the attacking forces and of Communist retaliation against the American forces. Should the withdrawal actually get underway in the near future with American assistance, the Communists may well refrain from attacking American forces engaged in assisting the evacuation. This does not seem to be a virtual certainty, however, as current estimates imply. There appears to be a strong possibility of a clash which could develop, through a series of retaliatory actions, into a serious conflict.

The Matsu and Quemoy island groups appear to be in yet another category. There is little doubt that Peiping is just as uncertain of American intentions as regards the defense of these islands as it is certain of American intentions as regards Formosa. The President's message to Congress on 24 January left obscure the American intention as regards these two island groups, and the press has subsequently reported widely that Chiang Kai-shek is attempting to secure a definite American commitment to defend these islands.

The paper is believed to be correct in estimating that Communist China "will probably take some aggressive actions to press their 'liberation' claims or to test US determination to

halt their advance at some point." It appears almost certain that the Communists will force the issue as regards the Matsus and Quemoy, just as they will force the issue in the Tachens if the situation there is not soon clarified. There is an immediate danger, as regards the Matsus and Quemoy, that the Chinese Communists will undertake full-scale amphibious assaults on these islands while American forces are involved in the Tachens area. It is believed more likely, however, that the Communists will increase the scale of their probing activity through such means as artillery harassment, air and naval action, and perhaps invasion of minor lightly-held islands of these groups.

It is believed that the Communists will persist in probing actions, in the offshore islands area, on an ever-increasing scale (even though the interval between operations may be wide), until the United States is in effect compelled to "put up or shut up"--that is, compelled either to move directly to the defense of the major island groups (conceivably, after the fact) or to allow them to be captured.

There appear to be two principal means by which the Communists could hope to control the scale of American retaliation against Communist probing actions. One would be by diplomatic action, as suggested by the paper, and the other would be by withdrawal from such probing actions if firm resistance were encountered. It is possible, however, that such control devices would be ineffective, and that Peiping would soon have to face a threat to its very stability. The paper takes note of the possibility that "a series of actions and counteractions might be set in train which could bring about general hostilities..." It would seem well to emphasize that, if American action were completely to alter the terms of the situation by large-scale action against the mainland, the Peiping regime would probably be prepared to strike back with all its resources.

The paper concludes with a speculation that the Communists "may take actions, regarded by them as involving only limited risk," which would pose disagreeable choices for American policy:

(a) Large-scale counteraction against the mainland, with a probability of large-scale Communist retaliation and a consequent risk of general war. (The paper does not point out that large-scale American counteraction would impose a severe strain on U.S. relations with the major allies and the Asian "neutrals," and that Communist counteraction could take other and perhaps more effective forms than action in the coastal area--for example, the commitment of ground forces to operations in Korea and Southeast Asia.)

(b) Limited defensive action, which would be inconclusive and would also strain American relations with the allies and the "neutrals," although less seriously; and

(c) Inaction, which would have a serious effect on American prestige in Asia.

It is believed that the Peiping regime is currently attempting to control the situation in such a way as to force the United States to choose between the second and third of these courses. The paper correctly observes that there is a wide area of possible Communist miscalculation and a strong possibility of a series of actions--which each party would feel compelled for reasons of prestige (and possibly, in Peiping's case, for reasons of survival) to undertake--which could lead to general hostilities. It is believed that these latter considerations should receive somewhat greater emphasis than they have been given in this draft.

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